

## Message Text

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21

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DRAFTED BY AF/C:EMARKS:CHG

APPROVED BY AF - AMB BOLEN

AF/EPS - MR DUNCAN

S/S-O:SESTEINER

E:RSORENSEN

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O 182050Z SEP 76 ZFF4

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

INFO AMEMBASSY KINSHASA IMMEDIATE

C O N F I D E N T I A L STATE 231684 TOSEC 270363

SECRETARY'S PARTY FOR UNDER SECRETARY ROGERS

E.O. 11652: GDS

TAGS: EFIN, CG

SUBJECT: IMPASSE OVER EXIMBANK FINANCING FOR  
INGA-SHABA POWER PROJECT

1. IMPASSE HAS ARRIVED OVER EXIMBANK FINANCING OF INGA-SHABA POWER LINE PROJECT IN ZAIRE.

2. EXIMBANK MADE COUNTER-OFFER FOR PAYMENT ARRANGEMENTS WHICH APPARENTLY SATISFACTORY TO U.S. COMMERCIAL BANKS. CITIBANK-LED SYNDICATE HAS AGREED WITHDRAW SUIT AGAINST EXIMBANK, BANKERS TRUST EXPECTED TO DO LIKEWISE IN NEXT FEW DAYS. IBRD HAS ALSO TOLD EXIMBANK THAT NEW PROPOSAL IS ACCEPTABLE.

3. HOWEVER ZAIRIAN CENTRAL BANK GOVERNOR SAMBWA CONVOKED OUR DCM ON SEPTEMBER 14 AND REJECTED EXIMBANK'S LATEST OFFER AS UNACCEPTABLE PRECEDENT FOR NEW CREDITS TO ZAIRE SINCE GOZ WOULD THEREFORE EFFECTIVELY LOSE  
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CONTROL OVER DISPOSITION OF ITS FOREIGN EXCHANGE

EARNINGS.

4. EXIMBANK AGREES THAT ITS PROPOSAL CONSTITUTES  
PRECEDENT BUT VIEWS IT AS DESIRABLE NEW ARRANGEMENTS FOR

NON-DISCRIMINATORY TREATMENT OF NEW CREDITS FOR  
PRIORITY PROJECTS.

5. SAMBWA MADE COUNTER PROPOSAL INVOLVING PRIVATE  
EXCHANGE OF LETTERS FOR PREFERENTIAL TREATMENT OF  
EXIMBANK LOAN WHICH CLEARLY UNACCEPTABLE TO EXIMBANK  
AND USG.

6. EXIMBANK HAVING NOW ACQUIESCED IN PROPOSAL ORIGINALLY  
PUT FORWARD BY PRIVATE BANKING SECTOR BELIEVES STRONGLY  
THAT IT HAS MADE MOST FORTHCOMING AND REASONABLE OFFER  
POSSIBLE. EXIMBANK BELIEVES ITS OVERSIGHT NAC  
AGENCIES AND CONGRESSIONAL COMMITTEES WILL NOT

APPROVE OVERRUN FINANCING IN ABSENCE PAYMENT FACILITY  
AGREEMENT FOR NEW MONEY.

7. IF IMPASSE CANNOT BE BROKEN BY SEPTEMBER 30 MORRISON-  
KNUDSEN PRESIDENT HAS INFORMED EXIM BANK AND DEPART-  
MENT THAT HE WILL BE FORCED TO CLOSE DOWN IMMEDIATELY  
ALL PROJECT CONSTRUCTION OPERATIONS.

8. SAMBWA DEPARTING FOR LONDON SEPTEMBER 19 FOR  
SEPTEMBER 22 MEETING WITH PRIVATE BANK CREDITORS.  
HE HAS AGREED TO MEET WITH EXIMBANK EXECUTIVE VICE  
PRESIDENT BEIM IN LONDON ON SEPTEMBER 21.

9. FOR UNDER SECRETARY ROGERS: THIS MESSAGE UPDATES  
SEELYE-ROBINSON BRIEFING MEMORANDUM OF SEPTEMBER 10  
FOR DEPUTY SECRETARY'S SEPTEMBER 13 MEETING WITH  
MORRISON-KNUDSEN PRESIDENT, WHICH IS INCLUDED  
IN YOUR BRIEFING BOOK.

ROBINSON

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## Message Attributes

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